

**B. W. COOPER, RMC
3400 ERATO STREET
NEW ORLEANS, LA 70125**

TO THE BOARD OF DIRECTORS

**INDEPENDENT AUDIT REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 5/13/09

**B. W. COOPER RMC
3400 EARHART BLVD.
NEW ORLEANS, LA 70125**

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
B. W. COOPER, RMC
3400 ERATO STREET
NEW ORLEANS, LA 70125**

I have audited the accompanying statement of financial position of the B.W.COOPER, RMC "a nonprofit organization" as of September 30, 2008 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of B. W. COOPER, RMC's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of B. W. COOPER, RMC as of September 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued our report dated March 27, 2009, on my consideration of B. W. COOPER, RMC internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

My audit was conducted for the purpose of forming an opinion on the basic financial statements of B. W. COOPER, RMC taken as a whole. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

Bobbie L Howard
Houma, La
Certified Public Accountant

March 27, 2009

B. W. COOPER, RMC
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2008

ASSETS

Current Assets

Cash (Note A & F)	\$ 1,233,252
Grant Receivable (Note A & B)	155,342
Other Receivables	3,774
Other Current Assets	\$ <u>2,980</u>

Total Current Assets **\$ 1,395,348**

Property, Plant and Equipment	
Net of Accumulated Depreciation of \$142,842 (Note A & C)	<u>407,588</u>

Total Assets **\$ 1,802,936**

LIABILITIES AND NET ASSETS

Current Liabilities

Payroll Taxes Payable	8,458
Accounts Payable	24,209
Compensated Absences	<u>78,652</u>

Total Current Liabilities **\$ 111,319**

Net Assets

Unrestricted	<u>1,691,617</u>
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Total Net Assets **\$ 1,691,617**

Total Liabilities and Net Assets **\$ 1,802,936**

See auditor's report and notes to financial statements

**B. W. COOPER, RMC
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED
SEPTEMBER 30, 2008**

REVENUES

Revenues, Gains, and Other Support	Unrestricted
Management Contract	\$ 2,063,870
Hano Rent	595,434
Grant-Beautification	50,800
Contributions	69,965
Interest Income	34,064
Miscellaneous	1,565
Total Revenues, Gains and Other Support	\$ <u>2,815,698</u>

EXPENSES

Management Contract	\$ 2,998,345
General Administrative	141,293
Total Expenses	\$ <u>3,139,638</u>
 Change in Net Assets	 \$ (323,940)
 Net Assets, Beginning of year	 \$ 2,015,557
 Net Assets, End of year	 \$ <u>1,691,617</u>

See auditor's report and notes to the financial statements.

B. W. COOPER RMC
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Manage Contract	HUD Comp	General Admin.	Day Care	Pregnancy Prevention	Ross Grant	Total Expenses
Salaries	\$ 1,399,056	\$ 0	\$ 130,484	\$ 0	\$ 0	\$ 0	1,529,540
Payroll Taxes	106,590	0	10,809	0	0	0	117,399
Total Employee Cost	1,505,646	0	141,293	0	0	0	1,646,939
Employee Benefits	\$ 272,614	0	\$ 0	0	0	0	272,614
Administrative Expenses	59,689	0	0	0	0	0	59,689
Professional Services	46,454	0	0	0	0	0	46,454
Supplies	65,609	0	0	0	0	0	65,609
Telephone	66,902	0	0	0	0	0	66,902
Travel & Seminars	53,788	0	0	0	0	0	53,788
Printing and Reproduction	12,197	0	0	0	0	0	12,197
Equipment Rental	2,529	0	0	0	0	0	2,529
Tenant Services	43,978	0	0	0	0	0	43,978
Auto Lease	20,044	0	0	0	0	0	20,044
Technical Assistance	48,036	0	0	0	0	0	48,036
Stipends	4,800	0	0	0	0	0	4,800
Maintenance	133,166	0	0	0	0	0	133,166
Maintenance Supplies	137,243	0	0	0	0	0	137,243
Vehicle Maintenance	68,452	0	0	0	0	0	68,452
Insurance	185,310	0	0	0	0	0	185,310
Program Services	0	0	0	0	0	0	0
Security	210,709	0	0	0	0	0	210,709
Depreciation	61,179	0	0	0	0	0	61,179
Total Operating Exp.	\$ 1,492,699	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,492,699
Total Expenses	\$ 2,998,345	\$ 0	\$ 141,293	\$ 0	\$ 0	\$ 0	3,139,638

See auditor's report and notes to the financial statements.

B. W. COOPER, RMC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Cash Flows from Operating Activities:

Decrease in net assets \$ (323,940)

**Adjustments to reconcile net income to net
cash provided by operating activities:**

Depreciation 61,180

(Increase) decrease in operating assets:

Grant receivable 108,332

Increase (decrease) in operating liabilities:

Accounts payable (82,252)

Other liabilities (17,670)

Total Adjustments \$ 69,590

Net Cash Provided by Operating Activities: (254,350)

Cash Flows from Investment Activities

Purchase of Fixed Assets (196,856)

Net Cash Provided by Investing Activities (196,856)

Net Decrease in Cash and Cash Equivalents (451,206)

Cash and Cash Equivalents at Beginning of Year 1,684,458

Cash and Cash Equivalents at End of Year \$ 1,233,252

See auditor's report and notes to financial statements.

B. W. COOPER, RMC
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization

B. W. COOPER, RMC is a non-profit organization established primarily to provide service in the form of property management for the B. W. Cooper Apartments. Other goals involve housing rehabilitation, improving public facilities and revitalization of the neighborhood economic condition by providing decent housing, suitable living environments and expanded economic opportunities for residents of B. W. Cooper Apartments.

2. Presentation Of Financial Statement

The accounting financial statements of B.W. Cooper, RMC have been prepared on the accrual basis of accounting and accordingly reflect all significant receivable, payable, and other liabilities.

3. Basis of Reporting

Financial statements presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organization. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

4. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Agency considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

5. **Concentration of Grants**

Approximately 74% of the Organization's funding is provided from a grant from the Housing Authority of New Orleans.

6. **Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amount of assets and liabilities, the disclosure of contingent and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

7. **Functional Allocation of Expenses**

The costs for providing for various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain cost have been allocated among the programs and supporting services benefited.

8. **Income Tax Status**

The Organization is exempt from federal tax under Section 501(c) (3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax- exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for charitable contribution deduction under Section 170(b) (1) (A) and has been classified as an organization other than a private foundation under Section 509(a) (2).

9. **Property, Plant and Equipment**

All acquisitions of property and equipment in excess of \$1,000.00 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximated fair value at the date of donation. Depreciation is computed using the straight-line method.

10 Budgetary Data

B.W. Cooper, RMC adopts a budget. The budgetary data are submitted to Housing Authority of New Orleans for approval.

NOTE B – GRANT RECEIVABLE

Grant receivable for B. W. COOPER, RMC consists of the following:

HANO Grant	\$155,342

Total Grant Receivables	\$155,342
	=====

NOTE C – PROPERTY AND EQUIPMENT

Property and Equipment consisted of the following at September 30, 2008

	9/30/07	Additions	9/30/08
Furniture & Equipment	\$ 29,653	\$ 5,281	\$ 34,934
Computer Equipment	17,978		17,978
Other Equipment	85,605	24,693	110,298
Auto	93,410		93,410
Major Bldg Improvements	108,950	166,882	275,832
Land Improvement	8,978		8,978
Security Lights	9,000		9,000
	\$ 353,574	\$ 196,856	\$ 550,430
Accumulated depreciation	(81,663)	(61,180)	(142,842)
	\$ 271,911		\$ 407,588

NOTE D – COMPENSATION TO DIRECTORS

The resident council (board) received a stipend of \$200.00 per month expense associated with carrying out their duties as directors for the year ended September 30, 2008.

NOTE E – REVENUES, GAINS, AND OTHER SUPPORT

Management Contract	\$ 2,063,870
Hano Rent	595,434
Grant-Beautification	50,800
Contributions	69,965
Interest Income	34,064
Miscellaneous	<u>1,565</u>
Total Revenues, Gains and Other Support	\$ <u>2,815,698</u>

Last fiscal year the organization started collecting rent from the tenants instead of having the Housing Authority of New Orleans (HANO) whom had previously collected tenants rent.

NOTE F – CASH IN BANK

The Organization maintains its cash balances in one financial institution located in New Orleans, La. The balances are insured by the Federal Deposit insurance Corporation up to \$100,000. Cash at this institution exceeded federally insured limits. The amount in excess of FDIC limited total \$1,133,252

NOTE G – ECONOMIC DEPENDENCY

The agency received the majority of its revenue from contracts with the Housing Authority of New Orleans, pass through funds from the Department of Housing and Urban Development. If significant budget cuts or legislative changes are made at the federal, state or city level, the amount of funding could be reduced significantly and have an adverse impact on its current program. Management is not aware of any actions that will adversely affect the funding it will receive in the next fiscal year.

NOTE H – RETIREMENT PLANS

Substantially all of the Agencies employees are eligible for a 401 K plan. During the current year the Agency matched \$50,185. The agency amount of for compensated absences total \$78,652.

NOTE I – OPERATING LEASES

The Organization had several non cancelable operating leases for vehicles that expired at various dates. Because those vehicles were loss due to hurricane Katrina only one vehicle is currently being leased.

<u>YEAR</u>	<u>TOTAL PAYMENTS</u>
2009	\$-0-

Rental expense under operating leases was \$20,044 for the year ended September 30, 2008.

NOTE K- CONCENTRATION RISK

B.W. Cooper, RMC housing units has been targeted for demolition under Phase I and Phase II of an agreement with HANO and a developer to make way for multi family units to be managed by B.W. Cooper, RMC & the developer. A portion of the housing units are currently being demolished under Phase I .By the year 2010 Phase II of the housing units will be demolished which would includes the remainder of the units.

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**INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN REPORT ON ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS.**

**To The Board of Directors
B. W. COOPER, RMC
3400 EARHART BVLD.
New Orleans, LA 70125**

I have audited the financial statements of B. W. Cooper, RMC (a nonprofit organization) as of and for the year ended September 30, 2008, and have issued our report thereon dated March 27, 2009. I conducted my audit in accordance with auditing standards generally accepted in the United States of American and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered B. W. Cooper, RMC internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the B.W. COOPER, RMC internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiencies or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control. I consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting. As item # 08-01, 08-02, 08-3.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the reportable conditions described above I consider as Item # 08-01, 08-02, 08-3 is considered to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about weather the of B. W. Cooper, RMC's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of finding and questioned cost as item #08-03.

This report is intended solely for the information and use of management. B. W. Cooper, RMC, the Housing Authority of New Orleans, the Legislative Auditor of the State of Louisiana, Federal, state and local awarding agencies and pass-through agencies and is not intended to be used by anyone other than those specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bobbie L. Howard
Certified Public Accountant

Houma, La.
March 27, 2009

BOBBIE L. HOWARD, CPA

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133**

To The Board of Directors
B. W. COOPER, RMC
3400 EARHART BVLD.
New Orleans, LA 70125

Compliance

I have audited the compliance of B. W. COOPER, RMC (a nonprofit organization) with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major programs for the year ended September 30, 2008. B. W. COOPER, RMC's major federal programs is identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each its major federal programs, is the responsibility of B. W. COOPER, RMC's management. My responsibility is to express an opinion on B. W. COOPER, RMC's compliance based on our audit.

I conducted my audit of compliance in accordance with auditing Standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, OMB Circular A-133, "Audits of States, Local Governments and Non Profit Organizations". Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable

assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about B. W. COOPER, RMC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on B. W. COOPER, RMC's compliance with those requirements.

As described in items 08-03 in accompanying schedule of finding and questioned costs. B.W. COOPER, RMC did not comply with requirements of HANO management contract. Compliance with such requirements is necessary, in my opinion, for B.W. COOPER, RMC to comply with requirements applicable to that program.

In my opinion, except for the noncompliance described in the preceding paragraph, B.W. COOPER, RMC complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2008.

Internal Control Over Compliance

The management of B. W. COOPER, RMC is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable for federal programs. In planning and performing my audit, I considered B. W. COOPER, RMC's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of B.W. COOPER, RMC's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as define below. However, as discussed below, we identified certain deficiencies n internal control over compliance that we consider to be significant deficiencies and others that we consider to be material weaknesses.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect

noncompliance with the type of compliance requirement of federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. I consider the deficiencies in internal control over compliance described in the accompanying schedule of finding and questioned costs as items 08-01, 08-02 and 08-03 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, I consider items 08-01, 08-02, and 08-03 to be material weaknesses.

B.W. COOPER, RMC's response to the findings identified identified in my audit are described in the accompanying schedule of findings and questioned costs. I did not audit B.W. COOPER, RMC's response and accordingly, I express no opinion on it.

This report is intended for the information of the Board and management B. W. COOPER, RMC, the Housing Authority of New Orleans, the Legislative Auditor of the State of Louisiana, Federal, state and local awarding agencies and pass-through agencies and is not intended to be used by anyone other than those specified parties. However, under Louisiana Revised Statue 24:513, this report is distributed by the Legislative Auditor as a public document.

Bobbie L. Howard
Certified Public Accountant
Houma, La

March 27, 2009

B.W. COOPER, RMC
SCHEDULE OF EXPENDITURES OF FINANCIAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Federal Grant/ Pass-Thru Grantor/ Program Title	Federal CFDA Number	Agency Pass Thru	Federal Expenditures
U.S Department of Housing And Urban Development			
Pass-through from Housing Authority of New Orleans	14.850		\$ 2,063,870
 TOTAL			 \$ 2,063,870 =====

The schedule of expenditures of federal awards is presented on the accrual basis of accounting.

B. W. COOPER, RMC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF THE INDEPENDENT AUDITOR'S RESULTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

1. The auditor's report expresses an unqualified opinion on the financial statements of B. W. COOPER, RMC.
2. Three significant deficiencies disclosed during the audit of the financial statements are reported in the Schedule of Finding and Questioned Cost. The conditions are reported as a material weakness.
3. One instances of noncompliance material to the financial statements of B. W. COOPER, RMC which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. Three significant deficiencies in internal control over major federal award programs disclosed during the audit are reported in the Schedule of Findings and Questioned Cost. The conditions are reported as a material weakness.
5. The auditor's report on compliance for the major federal award programs for B. W. COOPER, RMC expresses an qualified opinion.
6. Audit findings that are required to be reported in accordance with Section 510 (a) of OMB Circular A-133 are reported in this Schedule.
7. The program tested as a major program.

<u>Pass Thru Number</u>	<u>Name of Federal Program</u>
14.850	Management Contract

8. The dollar threshold used to distinguish between Type A and B described in *OMB Circular A-133, Section 520(b)* are as follows:

<u>Program</u>	<u>Amount</u>
Type A	\$ 300,000

9. B. W. COOPER, RMC does not qualify as a low risk auditee, under *OMB Circular A-133, Section 530*

**B. W. COOPER, RMC
SCHEDULE OF FINDING AND QUESTIONED COST
YEAR ENDED SEPTEMBER 30, 2008**

FINDING-FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCIES AND MATERIAL WEAKNESS

08-01 Payroll

Condition: Two out of Twenty-five payroll checks tested had no supporting time sheets.

Criteria: Internal control should be in place that provides assurance that all payroll checks written have supporting time sheets.

Effect: Because of failure to have supporting time sheets payroll checks could be written for services never performed.

Question Cost: None

Recommendations: Procedures should be implemented requiring all payroll checks written have supporting time sheets.

08-02 Cash Disbursements

Condition: Four out of sixty cancelled cash disbursement checks tested did not have supporting vendor's invoices or receiving reports.

Criteria: Internal control should be in place that provides assurance that all cash disbursements checks written have supporting documentation.

Effect: Because of the failure to have supporting documentation checks could be written for goods and services that was never received.

Question Cost: None

Recommendations: Procedures should be implemented requiring all checks written for goods and services have vendor's invoice, receiving report or in the absent of receiving reports have department supervisor sign vendor's invoices.

Noncompliance material to the financial statements in accordance with Government Auditing Standards.

08-03 Misappropriation of Assets

Condition: The Organization was notified by The United State Attorney's Office that one of their employees who tasked with coordinating the security detail for the organization was indicted on two counts of theft of federal funds. Beginning at a time unknown, but no later than on or about August 9, 2005 and continuing to this indictment, the organization received in excess of \$10,000 of federal financial assistance every 12 months from the Department of Housing and Urban Development, an agency and department of the United States, through the Housing Authority of New Orleans, to manage and maintain the Housing Development. Part of the budget from January 2006 through March 2008 was designated for payment to individuals to provide security for the housing development. Count one of the indictment from on or about March 13, 2006 until on or about March 12, 2007, and count two of the indictment from March 13, 2007 until on or about March 24, 2008 the employee did knowingly and willfully embezzle, steal and obtain by fraud and intentionally misapply funds worth at least \$5,000 owned by and under the care, custody and control of the organization in violation of Title 18, United States Code, Section 666(a)(1)(A). The employee involved in the indictment was terminated by the organization.

Criteria: Funds should be used for their intended purpose.

Effect: Because of misappropriation of assets the financial statements could be misstated.

Question Cost: \$85,000.00

Recommendations: Policies and procedures should be written to provide guidance to prevent such misappropriation. The organization is required to notify the Legislative Auditor's Office and the district attorney when they have knowledge that a misappropriation of funds has occurred.

**FINDINGS AND QUESTIONED COSTS—MAJOR FEDERAL AWARD
PROGRAM
MANAGEMENT CONTRACT—PASS THROUGH NUMBER 14.850**

08-01 Payroll

Condition: Two out of Twenty-five payroll checks tested had no supporting time sheet.

Criteria: Internal control should be in place that provides assurance that all payroll checks written have supporting time sheets.

Effect: Because of failure to have supporting time sheets payroll checks could be written for services never performed.

Question Cost: None

Recommendations: Procedures should be implemented requiring all payroll checks written have supporting time sheets.

**FINDINGS AND QUESTIONED COSTS—MAJOR FEDERAL AWARD
PROGRAM
MANAGEMENT CONTRACT—PASS THROUGH NUMBER 14.850**

08-02 Cash Disbursements

Condition: Four out of sixty cancelled cash disbursement checks tested did not have supporting vendor's invoices or receiving reports.

Criteria: Internal control should be in place that provides assurance that all cash disbursements checks written have supporting documentation.

Effect: Because of the failure to have supporting documentation checks could be written for goods and services that was never received.

Question Cost: None

Recommendations: Procedures should be implemented requiring all checks written for goods and services have vendor's invoice, receiving report or in the absent of receiving reports have department supervisor sign vendor's invoices.

08-03 Misappropriation of Assets

Condition: The Organization was notified by The United State Attorney's Office that one of their employees who tasked with coordinating the security detail for the organization was indicted on two counts of theft of federal funds. Beginning at a time unknown, but no later than on or about August 9, 2005 and continuing to this indictment, the organization received in excess of \$10,000 of federal financial assistance every 12 months from

the Department of Housing and Urban Development, an agency and department of the United States, through the Housing Authority of New Orleans, to manage and maintain the Housing Development. Part of the budget from January 2006 through March 2008 was designated for payment to individuals to provide security for the housing development. Count one of the indictment from on or about March 13, 2006 until on or about March 12, 2007, and count two of the indictment from March 13, 2007 until on or about March 24, 2008 the employee did knowingly and willfully embezzle, steal and obtain by fraud and intentionally misapply funds worth at least \$5,000 owned by and under the care, custody and control of the organization in violation of Title 18, United States Code, Section 666(a)(1)(A). The employee involved in the indictment was terminated by the organization.

Criteria: Funds should be used for their intended purpose.

Effect: Because of misappropriation of assets the financial statements could be misstated.

Question Cost: \$85,000.00

Recommendations: Policies and procedures should be written to provide guidance to prevent such misappropriation. The organization is required to notify the Legislative Auditor's Office and the district attorney when they have knowledge that a misappropriation of funds has occurred.

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED
SEPTEMBER 30, 2008**

07-03 Management Contract	Resolved
07-02 Cash Disbursement	Unresolved
07-01 Payroll	Unresolved
06-04 Child and Nutrition Program	Resolved
06-03 Property, Plant and Equipment	Resolved
06-02 Cash Disbursements	Unresolved
06-01 Payroll	Unresolved
05-04 Untimely audit report	Resolved
05-03 Property, Plant and equipment	Unresolved
05-02 Cash Disbursement	Unresolved
05-01 Payroll	Resolved
04-03 Property, Plant and Equipment	Unresolved
04-02 Cash Disbursements	Unresolved
04-01 Payroll	Unresolved
03-02 Management Contract	Resolved
03-01 Payroll	Resolved
02-01 Purchasing Procedures	Resolved
00-01 Reimbursement Administering Procedures	Resolved
00-02 Segment Operation	Resolved
00-03 Securely of Results	Resolved

BOBBIE L. HOWARD, CPA

A Professional Accounting Corporation
921 Church Street- Rear Entrance
Houma, La 70360
Telephone: (985) 851-6838
Fax: (985) 851-6972
E-Mail: bobbiehoward@bellsouth.net

CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED SEPTEMBER 30, 2008

B. W. COOPER, RMC respectfully submits the following corrective action plan for the year ended September 30, 2008.

Firm Name: Bobbie L. Howard, CPA,
921 Church Street – Rear Entrance
Houma, LA 70360

Audit Period: For the Year Ended September 30, 2008

The findings from the September 30, 2008 Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS — FINANCIAL STATEMENT AUDIT

REPORTABLE CONDITIONS

08-01 Payroll

Recommendation: Procedures should be implemented requiring all payroll checks written have supporting time sheets.

Action Taken: We concur with the recommendation, and it was implemented effective immediately.

08-02 Cash Disbursements

Recommendations: Procedures should be implemented requiring all checks written for goods and services have vendor's invoice, receiving report or in the absent of receiving reports have department supervisor sign vendor's invoices.

Action Taken: We concur with the recommendation, and it was implemented effective immediately.

08-03 Misappropriation of Assets

Recommendations: Policies and procedures should be written to provide guidance to prevent such misappropriation. The organization is required to notify the Legislative Auditor's Office and the district attorney when they have knowledge that a misappropriation of funds has occurred.

Action Taken: We concur with the recommendation, and it was implemented effective immediately.

FINDINGS — MAJOR FEDERAL AWARD PROGRAM

MANAGEMENT CONTRACT – PASS THROUGH NUMBER 14.850

REPORTABLE CONDITIONS

08-01 Payroll

Recommendation: Procedures should be implemented requiring all payroll checks written have supporting time sheets.

Action Taken: We concur with the recommendation, and it was implemented effective immediately.

08-02 Cash Disbursements

Recommendations: Procedures should be implemented requiring all checks written for goods and services have vendor's invoice, receiving report or in the absent of receiving reports have department supervisor sign vendor's invoices.

Action Taken: We concur with the recommendation, and it was implemented effective immediately.

08-03 Misappropriation of Assets

Recommendations: Policies and procedures should be written to provide guidance to prevent such misappropriation. The organization is required to notify the Legislative Auditor's Office and the district attorney when they have knowledge that a misappropriation of funds has occurred.

Action Taken: We concur with the recommendation, and it was implemented effective immediately.

If the oversight agency has questions regarding this plan, please call Eric Lilly, B. W. Cooper, RMC, Comptroller, (504) 822-8840.

Sincerely,

Eric Lilly, Comptroller
March 27, 2009

